(2)

No. 88-9

Supreme Court, U.S.
FILED
JUL 28 1988
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

WALTON E. TINSLEY
Counsel of Record

HARRIS, KERN
WALLEN & TINSLEY
Quinby Building, Top Floor
650 South Grand Avenue
Los Angeles, CA 90017
(213) 626-5251

Counsel for Respondent
FORTEL CORPORATION

Publishing and Graphic Electronic Services, Inc. (PAGES) / (213) 474-7855

QUESTION PRESENTED

Petitioner contends that the question presented is whether the Federal Circuit erred "by creating" two allegedly disparate rules for interpreting a patent claim. In fact, as Respondent will demonstrate herein, the Federal Circuit was merely applying rules of construction derived from precedents of this court. Accordingly, Respondent's view of the question presented is:

Whether the Court of appeals for the Federal Circuit erred in holding, as a matter of law, that claim 1 of Respondent's patent No. 3,903,369 is not anticipated under 35 USC 102(e) and that claims 2 and 3 are not invalid for obviousness under 35 USC 103, in view of the prior art Konno Patent No. 3,894,188, when the claims are construed in the context of the specification.

LIST OF THE PARTIES

All parties to the present controversy are indicated in the caption.

In accordance with Rule 28.1 of the Rules of the Supreme Court, respondent, Fortel Corporation, is a wholly owned subsidiary of National Medical Enterprises, Inc.

TABLE OF CONTENTS

Page

QUESTION PRESENTED i
LIST OF THE PARTIES ii
TABLE OF AUTHORITIES iv
STATEMENT OF THE CASE 2
SUMMARY OF ARGUMENT 3
ARGUMENT 4
CONCLUSION 8

TABLE OF AUTHORITIES

Page

Cases

Carver v. Braintree Mfg. Co. (1843), 5 Fed.Cas. 235, Case No. 2,485 ..... 5, 6

Klein v. Russell (1864), 86 U.S. 433 ..... 4, 5

The Providence Rubber Co. v. Goodyear (1869), 76 U.S. 788 4

Turrill v. Michigan Southern and Northern Ind. R.R. (1864), 68 U.S. 491 ..... 4, 5

White v. Dunbar (1886), 119 U.S. 47 5

Winans v. Denmead (1853), 56 U.S. 330 at 341 4

In re Yamamoto, 740 F.2nd 1569 (Fed. Cir. 1984) 6, 7

Statutes

35 U.S.C.
- Section 102(e) 1, 2
- Section 103 1
- Section 282 7
- Section 301 ..... 3, 6

In the
Supreme Court
of the United States

October Term, 1988

PHONE-MATE, INC.,

Petitioner,

v.

FORTEL CORPORATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

This case comes before the Court on a Petition by Phone-Mate Inc., defendant-appellee below, for a Writ of Certiorari. At issue is a judgment of the United States Court of Appeals for the Federal Circuit which reversed and remanded a judgment of the United States District Court for the Central District of California granting Phone-Mate's motion for summary judgment that claim 1 of Fortel's Patent No. 3,903,369 ("'369") for "Telephone Answering System With Remote Playback" is invalid for anticipation under 35 USC 102(e) and that claims 2 and 3 were invalid for obviousness under 33 USC 103. The opinion of the Federal Circuit is unreported because, according to a note appended thereto, "it does not add significantly to the body of law and is not of widespread legal interest."

STATEMENT OF THE CASE

The District Court had found claim 1 of Respondent's patent invalid for anticipation under 35 USC 102(e). Claim 1 recites, inter alia, "third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated."

The District Court held that the recited "clock pulses" are produced by the mechanical counters of the prior art Konno device.

By referring to the specification of Respondent's patent, the Federal Circuit determined that that when the specification speaks only in terms of "clock pulses" it must be understood, in the context of an electrical circuit, that the pulses of claim 1 are electrical.

An Examiner in the Patent and Trademark Office ("PTO") in a copending Re-examination proceeding, specifically "Giving the claim language the broadest reasonable interpretation, . . .", rejected the claim on the basis of the Konno patent. Respondent appealed the Examiner's decision to the PTO Board of Appeals, where the matter is still pending. If the rejection is upheld, an appeal could be taken to the Federal Circuit. If the rejection is reversed, the PTO may thereafter issue a Certificate of Patentability confirming that the claim was determined to be patentable, whereupon the pleadings in the District Court can be appropriately amended and become the subject of resumed trial at the District Court level.

SUMMARY OF ARGUMENT

This is an ordinary case of patent infringement which does not raise any issue of widespread public interest nor any substantial question of federal law. Respondent concedes (brief page 19) that "only a few cases" present the alleged conflict between the rules of patent claim construction in judicial decisions as against PTO decisions. The dichotomy which Petitioner suggests is nonexistent. As a matter of sound administrative procedure the Federal Circuit has stated that, in the public interest, the PTO shall give claims their broadest reasonable interpretation consistent with the specification to reduce the possibility that claims, finally allowed, will be given broader scope than justified. Consistent with Constitutionally based long established precedent of this Court, the Federal Circuit applies the rule that in patent litigation, where the fate of a patent is involved, liberality, rather than strictness, should prevail in the interpretation of the patent claim. This result is entirely consistent with the public interest and with the aims of the Patent Reexamination Statute, 35 U.S.C. Section 301, et. seq., especially that of increasing investor confidence in the certainty of patent rights.

Under either Petitioner's or Respondent's view of the question presented, this Court should decline review at this time. The petition is premature. Respondent's patent is the subject of a pending appeal in the PTO whose ultimate decision will be the subject of a further appeal to the Federal Circuit, either directly or via further proceedings in the trial court. The Federal Circuit will then have the opportunity to state its considered views as to the alleged disparity of

rules of claim construction complained of by Petitioner, after which the question presented may be ripe for review.

ARGUMENT

In the Petitioner's view, the Federal Circuit has "erred by creating" two allegedly disparate rules of claim construction. In support of that position Petitioner contends that decisions of this Court do not support the Federal Circuit's view that a claim must be construed to uphold its validity, if possible.

In fact, the rule followed by the Federal Circuit was a well established principle of claim construction in this Court by the time of *The Providence Rubber Company v. Goodyear*, 76 U.S. 788 (1869), wherein the Court stated "But liberality, rather than strictness, should prevail where the fate of the patent is involved, and the question to be decided is whether the inventor shall hold or lose the fruits of his genius and his labors. *Corning v. Burden*, 15 How., *Battin v. Taggert*, 17 How., 74 [58 U.S., XV., 37]."

A reason for the rule stated in *Winans v. Denmead*, 56 U.S. 330, at 341 (1853), is that a liberal construction is "in accordance with the design of the Constitution and the Patent laws of the United States to promote the progress of the useful arts . . .".

Here, the Federal Circuit determined thst the "clock pulses" of claim 1 are electrical pulses, "it being understood that in the context of an electrical circuit that the pulses are electrical". Petitioner contends that *Klein v. Russell*, 86 U S. 433 (1864) and *Turrill v. Michigan Southern and Northern Ind. R.R.*, 680 U.S. 491

(1864) do not sanction the Federal Circuit's thus resorting to the specification in order to construe the phrase "clock pulses" expressly stated in claim 1. Respondent suggests that Petitioner has misapprehended the rationale of *Klein* and *Turrill* since in both cases, as is apparent from the opinions, this Court construed the language of the claims in the context of the whole patent.

Petitioner's reliance on *White v. Dunbar*, 119 U.S. 47, 51-52 (1886) is entirely misplaced. There, the Court found the claim of a reissue patent invalid because it was entirely unsupported by the specification of the original patent. The reissue broadly claimed "enveloping material" while the original patent specification and claim raised not the slightest implications that the patentee contemplated anything other than a textile fabric. It was in that context that the Court made the "nose of wax" statement which Petitioner quotes at page 12 of its brief, *except* for the omission of the only part of the Court's statement which is relevant to the present case.

> "The context [i.e., the patent specification] may undoubtedly be resorted to, and often is resorted to, for the purpose of better understanding the claim, but not for the purpose of changing it and making it different from what it is."

Resort to the specification is precisely what the Federal Circuit did in this case.

It has long been the rule that the entire patent must be construed together and effect given to all its parts as members of a single indivisible instrument. As stated by Justice Story in *Carver v. Braintree Mfg. Co.*, 5

Fed.Cas. 235 (1843), at page 240, "There is no artificial or universal rule of interpretation of such instrument beyond that which common sense furnishes, which is to construe the instrument as a whole, and to extract from the descriptive words and the claim what the invention is which is intended to be patented, and how far it is capable of exact ascertainment, and how far it is maintainable in point of law, supposing it clear from all ambiguity". Indeed, in *Klein*, in upholding the patent claim, the Court construed it in the light of the descriptive portion of the patent.

In the case at bar, the Federal Circuit noted that in a PTO reexamination proceeding claims are given their broadest reasonable interpretation consistent with the specification, citing *In re Yamamoto*, 740 F.2nd 1569 (Fed. Circ. 1984) In *Yamamoto*, at page 1571, the Court explained the rationale for the PTO standard of interpretation as follows:

> "This approach serves the public interest by reducing the possiblilty that claims, finally allowed, will be given broader scope than is justified. Applicants' interests are not impaired since they are not foreclosed from obtaining appropriate coverage for their invention with express claim language".

Petitioner contends that disparate rules of patent claim construction frustrate the goals of the patent reexamination statute, 35 U.S.C. Section 301 et seq.

Petitioner first argues that the Federal Circuit's diaparate rules lead to increased expense, i.e., as here, two different actions in two different forums to decide a single issue. It should be noted that Petitioner (who initiated PTO reexamination), not Respondent, is the

cause of that result in this case. Besides, the possibility of ccncurrent actions in the PTO and the courts is inherent in the scheme of the Patent Act.

Petitioner's second argnment, that courts are not given the benefit of PTO expertise if the courts are required to apply a standard different from that applied in the Patent Office, is a non sequitur. Witness the result in the present case where the District Court relied almost entirely on the PTO Examiner's decision in granting summary judgment of invalidity to the Petitioner.

Finally, Petitioner contends that the reexamination statute is frustrated because consistent claim determinations are precluded by the use of two distinct rules of claim construction. On the contrary, as the Federal Circuit noted in *Yamamoto*, the requirement for the PTO to broadly interpret claims during examination of a patent application, or of a patent in reexamination, is an approach that serves the public interest by reducing the possibility that claims finally allowed will be given broader scope than is justified. At the same time, Respondent notes, such broad interpretation defines an equally broad scope of prior art to be considered by the Examiner in the PTO. Under this rigorous standard of examination, once a patent issues, its claims are justly entitled to the statutory presumption of validity, 35 USC section 282, a presumption which does not apply to application or patent claims dnring the re-examination process but which is available only in court litigation to enforce the patent. Thus, investor confidence in the validity of issued claims will be and has been increasad.

While Petitioner contends that this case in its present posture presents "an ideal opportunity to review the use of disparate rules of patent claim construction, Respondent's position is that any such consideration would be premature at this time. The PTO reexamination of the claims at issue in this litigation is still pending. It would seem obvious to be the better course to allow the PTO proceeding to run its course, the ultimate outcome of which will undoubtedly be reflected in further litigation between the parties. The Federal Circuit will have the opportunity to state its views as to the alleged disparity of claim construction either on appeal from a PTO decision or upon a further appeal of this litigation. In the absence of an opinion clearly setting forth the views of the Federal Circuit on these matters, the questions presented are not ripe for consideration by the Court.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that established precedent of this Court sustains the Federal Circuit's judgment in this case; the allegedly disparate rules are in fact harmonious and serve the public interest; and that this case is not ripe

for consideration by this Court. Accordingly, Respondent respectfully submits that the Petition for Writ of Certiorari should be denied.

WALTON E. TINSLEY
Counsel of Record

HARRIS, KERN,
WALLEN & TINSLEY
Quinby Bldg., Top Floor
650 So. Grand Ave.
Los Angeles, CA 90017

Counsel for Respondent
FORTEL CORPORATION

PROOF OF SERVICE BY MAIL

State of California

ss.

County of Los Angeles

I, the undersigned, say: I am and was at all times herein mentioned, a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen (18) years and not a party to the within action or proceeding; that my business address is 10835 Santa Monica Boulevard, Suite 200, Los Angeles, California 90025; that on July 28, 1988, I served the within *Brief for Respondent in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit* in re: "Phone-Mate, Inc. vs. Fortel Corporation," by depositing true copies thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as follows:

Clerk, United States
Supreme Court
One First Street, N.E.
Washington, D.C. 20543
(Original + 40 Copies)

Paul L. Gardner, Esq.
Spensley, Horn, Jubas & Lubitz
1880 Century Park East
Fifth Floor
Los Angeles, CA 90067
(3 Copies)

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 28, 1988, at Los Angeles, California.

Claude A. Lagardere
(Original signed)

OFFICIAL SEAL
SALLY H JONES
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires MAY 22, 1990